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C O N F I D E N T I A L SECTION 01 OF 03 NEW DELHI 006527

SIPDIS

C O R R E C T E D C O P Y (T E X T C H A N G E I N P A R A 1, 2, 3, 7 A N D 8)

SIPDIS

E.O. 12958: DECL: 09/19/2026

TAGS: PREL PGOV MOPS KDEM NP IN

SUBJECT: EMBASSY, INDIAN EXPERTS COORDINATE ON NEPAL

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Classified By: DCM Geoffrey Pyatt for Reasons 1.4 (B, D)

¶11. (C) SUMMARY: Over Sep. 18th and 19th, PolCouns led a round-table on Nepal and met with leading Indian Nepal experts with the objective of enhancing our ability to coordinate with India on Nepal. From these meetings, it appears that two camps exist within India's policy making elite on prospects for the Nepal peace process. The first camp, with a large number of adherents, sees the glass as half full, regards the peace process at five months old as still nascent, asks observers to understand the ups and downs involved and ultimately feels the Maoists will be content with joining a Constituent Assembly. The second camp sees Maoists as pursuing their own interests and ultimately intent on controlling the government on its own. The two camps also divide on how India would respond to a worst-case scenario, with the pragmatists convinced India would intervene militarily should Nepal fall into chaos and realists, based on India's past practices, convinced that India would stay on the sidelines. All agree the U.S. and India have the greatest influence, but criticize the U.S. for, at times, appearing to be interventionist. END SUMMARY.

Pragmatist Camp

¶12. (C) Over a round-table lunch on Sep. 18th, Ret. Maj. Gen. Ashok Mehta, Mr. Niranjan Koirala (PM Koirala's nephew) and former Ambassador Sukh Deo Muni spoke for the pragmatist camp,

all agreeing that the peace process in Nepal will take time. They pointed out that the basic agreements are in place and feel that the peace process is on the right track. Koirala, who had met with his uncle a week prior, said that after fighting and standing for their principles, the Maoists won't return to the jungle now, but rather will accept taking a part in the government and joining the Constituent Assembly. He said it is likely that the Maoist party will split and some factions might choose not to be included -- but the majority of Maoists want to join the government. Gen. Mehta, who traveled to Nepal's hinterland in August, is optimistic that the summit meeting on Sep. 23rd between Prachanda and Koirala, will help create confidence for all parties.

Realist Camp

¶3. (C) The Executive Director of a think-tanker, Dr. Ajai Sahni, and journalist Surendra Phuyal spoke for the realists, stating that the Maoists are only engaged in talks now in order to facilitate the seizure of power. "They don't want to be a part of the government," said Dr. Sahni, "they want to be the government." Sahni and Phuyal believe that the Maoists will not change their behavior, but will continue to do as they've done in the past. They believe that, whether by government or by force, the Maoists are planning a takeover and aren't prepared to cooperate. "Even if the Maoists accept an agreement now, it doesn't mean they won't go to war later," Sahni argued. The Maoists will continue to be stubborn, will not make concessions and will refuse to disarm before the election, he contended.

Split Also On Worst-Case Scenario

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¶4. (C) The two camps also divide on how India would respond to a worst-case scenario of disintegration into civil war. Gen. Mehta referred to an Indian contingency plan for that event and was absolutely convinced that India would intervene militarily, albeit only as a last resort. Dr. Sahni, noting that India did not intervene during previous breakdowns in Nepal, countered that view, saying "Indian assistance will never involve boots on the ground." His view is that India will accept the Maoists as "just another government." Mehta offered that the Maoists don't have the capacity for a sustained take-over, however, and believe that if the Maoists could win a war, they would have done so already. Sahni was less optimistic, stating that a military takeover is only one act in a long, slow dissolution of power in Nepal. The experts agree that the worst-case scenario to be avoided would be a civil war in which the U.S. and India are forced to choose sides. "It is important for the U.S. and India to develop contingency plans in the event the situation deteriorates into just such a scenario," former Ambassador K.V. Rajan said.

Four Steps to Peace and a Golden Handshake

¶5. (C) On the disarmament issue, local journalist Bharat Bhushan pointed out that language is of paramount importance, suggesting that phrases such as "managing arms" and "joint custody" could be swallowed more easily by the Maoists. He laid out a 4-step plan for stabilization:

-- 1) Allow the interim government to take the first step and dissolve the Parliament. They will keep passing laws and legislating with no authority otherwise.

-- 2) At the same time, arrange "joint custody" of arms between the Maoists and the UN and have the government send the army to its barracks.

-- 3) Replace Parliament with a nominated interim legislature or expand the existing Parliament. The important thing is to give the Maoists a stake in the process, along with the SPA and civil society.

-- 4) Create a para-military force and absorb and disperse the Maoists into various places in the army. Keep them apart and give them tasks like tree-planting and border patrol. This would be a kind of "golden handshake" of gainful employment to the Maoists. "If you give them a lump-sum they will waste it," Bhushan stressed. "Giving them food and a salary will prevent them from returning to the mountains."

The U.S. and India's Influence

¶ 6. (C) Realists and pragmatists agree that both the U.S. and India carry a lot of weight in Nepal, and find that it makes a lot of difference to the Nepalese to see no divergence between the U.S. and the GOI. They stressed that Nepal (and the Maoists) heed what the international community says, so India and the U.S. should come out "loud and strong." Public

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statements should be coordinated between the two countries, Rajan suggested, and we should concentrate on improving the situation on the ground, as people are "being terrorized and losing hope."

A Slap at the U.S.

¶ 7. (C) While being influential is one thing, appearing to intervene another our interlocutors pointed out. Former Ambassador Muni sharply criticized the U.S. for appearing to side with the Nepalese Army through an ambassadorial visit to the barracks, as this action appeared to signal the Maoists that the U.S. was interfering with the peace process. Koirala felt that "as a matter of strategy, it shouldn't be done."

COMMENT

¶ 8. (C) Our interlocutors are New Delhi's most influential private sector figures on Nepal. Reflecting the complexity of the situation in Nepal, these luminaries can't agree on how the peace process will play out from here. While GOI contacts continuously reassure us that the U.S. and India "see eye-to-eye" on Nepal, these well-connected civilian contacts suggest Indian policymakers are watching the process unfold and will adjust to contingencies. Keeping a pulse on their read-out of the current situation in Nepal will help us coordinate with India. We will seek further engagement with GOI officials and look for opportunities to leverage our collective influence as appropriate.
END COMMENT.

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